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ASX/Media Announcement

Traffic Technologies to acquire Aldridge Traffic Group for \$37m

Australia's leading traffic signals business generating \$6m EBIT

21 February 2007, Melbourne: Traffic Technologies Ltd (TTI) has entered into an agreement to acquire Australia's leading supplier of traffic signal and equipment for \$37 million.

Aldridge Traffic Group Pty Ltd (Aldridge) was founded in 1968 by Keith Aldridge and is a major supplier of traffic signals in Australia and New Zealand and exports to Asia, the Middle East and Europe with annual revenues of \$23 million and EBIT (earnings before interest and tax) of approximately \$6 million.

"This is a major strategic acquisition for the group", said Mr. Sam Kavourakis, Chairman of Traffic Technologies, "cementing TTI's position as the leading supplier of traffic signals and hardware. It adds strongly to profitability and is EPS accretive immediately."

"Aldridge is an excellent business which has experienced growing revenues and profits that we expect to continue over the coming years. The expanding market for retrofitting traffic signals to the more efficient LED lights will add to that growth", said Mr. Con Scrinis, joint Managing Director of Traffic Technologies.

"Aldridge senior staff including current General Manager Andrew Bull are staying with the company and we will work with them to expand the business into growing export markets while expanding the product offering", said Mr Con Scrinis.

Traffic Technologies are negotiating an appropriate funding package for the refinance of it's core debt facilities and funding for growth.

The vendors' consideration includes \$4 million in Traffic Technologies' shares escrowed for 1 year. Mr. Aldridge will stay as a consultant to the group for at least 12 months.

The Australian market consists of over 11,000 signalised traffic intersections – a market that is expanding with increased public and private funding for new infrastructure road funding and conversion to LED traffic signalling. Specific LED upgrade programs in South Australia, New South Wales and Queensland are motivated by the compelling energy savings and other operational advantages. Victoria and Western Australia are yet to initiate large scale LED programs but use the technology for new and replacement intersections.

Based in Rhodes, Sydney, Aldridge manufactures LED (light emitting diode), incandescent and halogen traffic lights for road authorities, Federal, State and Local government. The business includes a fully integrated manufacturing facility with electronic board loading, aluminium die casting, plastic injection moulding and sheet metal fabrication capabilities enabling manufacture of a complete range of traffic signal equipment.

Aldridge is at the forefront of LED traffic signal technology and it's recently released next generation range of LED signals use even less power than the existing LED technology. The company owns numerous intellectual property rights and its products are "Type Approved" by the transport and electrical authorities. The company has been certified to ISO 9001 since 1992. This comprehensive protection of intellectual property represents a major competitive advantage.

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